

Communities dig deep to help fund transportation improvements

In 1998, a group of citizens in Kirksville reached a conclusion. It was apparent that a 22-mile section of Route 63 south of the city would not be expanded to four lanes in the foreseeable future.

"Over several months, we worked closely with MoDOT and other communities on the Highway 63 corridor," said David Clithero, former President of the Highway 63 Transportation Corporation. "Eventually, the Missouri Highways and Transportation Commission had us form a transportation corporation, and we were able to begin looking at funding alternatives and innovations that could be brought to the project."

On April 2, 2002, Kirksville city leaders placed a one-half cent sales tax before the community's voters. When all the votes were counted, a four-lane Highway 63 had gone from a dream to a reality. The measure was approved with an overwhelming 78 percent of the vote.

"Without additional funding for transportation statewide, making Route 63 four lanes between Macon and Kirksville would not have happened this quickly," said Mike Bruemmer district engineer for MoDOT's North Central Area. "The citizens

of Kirksville showed local leadership to generate part of the money needed to build this vital highway improvement."

Transportation Corporations

Kirksville citizens utilized aspects of MoDOT's Innovative Financing Program to reach their goal of a four-lane highway. Formation of a transportation corporation was one of the tools they used.

Transportation corporations are not-for-profit organizations formed locally and approved by the Missouri Highways and Transportation Commission. Their primary function is to promote and develop public transportation facilities and economic development through new or alternative means. Eleven such organizations have been created in Missouri through the years.

The corporations have authority to perform many of the responsibilities normally reserved for the MHTC and its staff. These functions include

securing or generating funding for transportation projects; obtaining right of way; contracting with construction companies, design firms or other consultants; and limiting and securing access to a project.

The Lake of the Ozarks Community Bridge Corporation was formed in 1992 to finance the construction of a bridge on Route 42 connecting Lake Ozark with Shawnee Bend. Motorists pay tolls charged by the corporation to use the bridge. MoDOT is barred by law from assessing tolls for transportation improvements, but private organizations, such as transportation corporations, can use this funding method.

Once the bridge is paid off and the toll removed the corporation plans to transfer ownership to MoDOT. Total cost of the bridge was approximately \$26 million for purchase of land, construction and toll facilities.

"We wanted to build a bridge, and MoDOT leadership wanted to try new concepts for financing projects," said Joe Jaeger, president of the Lake of the Ozarks corporation. "We were sort of the guinea pigs."



Civic-minded citizens from Hannibal to Macon recently formed a transportation corporation to explore ways to four lane a 52-mile section of Route 36 between the two cities. The highway will be four lanes from Macon to St. Joseph by 2007. Expanding the targeted section would make Route 36 four lanes across Missouri.

Transportation Development Districts

The Highway 36-Interstate 72 Corridor Transportation Corporation may eventually seek to form a transportation development district. By forming this type of district, the group would have the authority to place measures on the ballot for consideration by voters within the district.

TDDs can be created by a vote of the public or the owners of real property affected by the proposed district. The area may include several counties or a portion of a county. Once it is formed, the district can function like a governmental entity and levy taxes with voter approval for specific transportation improvements.

The city of Wentzville formed a TDD in November 2001 to fund four projects on Pearce Boulevard and for local transit. A quarter-cent sales tax was passed within the district to fund overpass enhancements, improvements to an interchange and exten-

sion of the boulevard to connect with May Road. At the same time, Wentzville used the funding for the city bus system including acquiring vehicles.

Wentzville is responsible for maintaining the projects through an agreement with MoDOT. The city welcomed this arrangement as a way to ensure that maintenance is done in a way that local people deem appropriate.

Acceleration Agreements

MoDOT will sometimes agree to work with local groups to move up construction of projects on the department's 5-year State-wide Transportation Improvement Program. The project sponsor must provide the funding, a minimum 1 percent equity contribution for each year of acceleration and any costs of accelerating the project such as a bond counsel, financial advisor or interest on financing.

The department will pay back the project sponsor for the principal cost of the improvement. In addition to being on MoDOT's 5-year construction program, the project must also comply with MoDOT's Debt Policy and Transportation Management Area Policy if applicable.

The city of O'Fallon entered into an acceleration agreement with MoDOT in the early 1990s to fund the

expansion of Route K in St. Charles County from two to five lanes. The project was completed in 1995 – approximately four years ahead of schedule. MoDOT later reimbursed the district for the cost of the project.

"Highway K was identified as the main thoroughfare for our community," said O'Fallon City Manager Patrick Banger. "And realizing that the majority of our commercial and residential growth would occur when Highway K could accommodate the volume, the project became an immediate priority for the city."

Banger also said that many factors have contributed to O'Fallon's success and growth as a community, but the funding of Route K would have to be one of the most important. MoDOT points to leadership at the local level as key to getting the project done.

"The city of O'Fallon's willingness to jump on board with MoDOT made things happen," said Jim Gremaud, MoDOT's area engineer for St. Charles County. "The effort to cooperatively and simultaneously work on developments and road improvements is better for everyone involved including the public. In O'Fallon, the ability to accelerate the construction work enabled us to meet the demands of the public."





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Cost Sharing/Economic Development Program

Transportation stakeholders may also apply to MoDOT for funding through the department's Cost Sharing/Economic Development Program. The department sets aside \$20 million per year for these types of projects.

MoDOT will sometimes utilize this funding to pay for a portion of a project if a local entity can produce at least 50 percent of the cost to build it. The project also must be on the state highway system and be compatible with the department's planning goals.

Additionally, projects on the state highway system that would significantly impact the economic development of an area may be eligible for funding. The project must have funds committed from other sources such as a local government, private corporation or the Missouri Department of Economic Development.

The Moberly/Randolph County Economic Development Corporation successfully applied for economic-development funding in 2002 to expand a portion of Route 24. A Wal-Mart Distribution Center creating 400 jobs was the result.

"The improvement of the highway was a key factor in securing the distribution center for Moberly," said Russell Runge, president of the corporation. "MoDOT's economic development funding can be vital to making the infrastructure improvements necessary to attract and retain businesses."

Missouri Transportation Finance Corporation

Public and private entities may also apply to the Missouri Transportation Finance Corporation for assistance. The MTFC is a non-profit corporation organized by MoDOT to help finance local transportation improvements.

The corporation administers a state infrastructure bank authorized by Congress, and the Statewide Transportation Assistance Revolving Loan Fund created by the Missouri General Assembly. Both programs provide loans or credit enhancements for transportation projects.

Eligibility depends on the project sponsor's ability to pay back the loan and their applications. Funding may be used for highways, rail, transit, public airports, waterway transportation facilities and vehicles for transportation of elderly or disabled persons.

Eleven MTFC loans have been approved over the life of the program. More than \$86.6 million has been distributed for projects totaling more than \$303 million.

Putting Innovative Financing to Work

"Most projects use a combination of innovative-financing programs," said MoDOT Finance Manager Patty Purves. "The Kirksville project, for example, utilized a transportation corporation, a cost-share and an MTFC loan. A project being pursued by the city of Hollister on Route 65 will also combine a cost-share and MTFC loan."

Purves indicated, however, that the Lake of the Ozarks Community Bridge was strictly a transportation corporation project. Additionally, transportation districts typically generate 100 percent of the needed funding.

Whether it is a combination of methods or strictly one program, initiating the process is easy. Local citizens can simply contact MoDOT to explore the possibilities of securing funding via innovative financing.

"We are happy to work with any community or group that is interested in pursuing funding through these programs," Purves said. "By calling our toll-free number or accessing our web site, citizens can get the information they need and possibly get started on the process toward transportation funding."

Missouri's lack of money to address many needed transportation improvements has left numerous projects on the shelf. An increasing number of local leaders are stepping forward, however, to generate the funding necessary to make our transportation system better and safer. ■

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